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SUBJECT: CHINA: VISA DELAYS SET BACK WESTINGHOUSE PROJECT, THREATEN
U.S. JOBS

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¶1. (SBU) Summary: Westinghouse's execution of a multi-billion dollar contract to build nuclear power units in China -- a source of thousands of U.S. jobs -- continues to be hindered by visa processing delays, specifically the 9 weeks currently required for Visas Mantis Security Advisory Opinion (SAO) reviews of Chinese visa applicants affiliated with the project. Westinghouse estimates that the contract, significant enough to attract the personal advocacy of former Secretaries Rice, Bodman, and Gutierrez, creates or maintains at least 10,000 U.S. jobs in 13 states. With the Chinese government planning to buy 4 to 8 new plants this year, successful implementation of the project would multiply the impact. However, Westinghouse executives explained that visa delays due to long and often unpredictable wait times for SAO responses not only undermine their efforts to meet contractual obligations, but also reduce Chinese willingness to present a positive review of Westinghouse to other prospective clients. While recognizing the critical importance of the SAO process, they have asked the U.S. government to address the length and unpredictability of the processing time. End Summary.

Timely Visas Equal Jobs: Westinghouse Seeks USG Assistance

¶2. (SBU) Westinghouse executives Senior Vice President for Customer Relations and Sales Jim Fici, Vice President for Nuclear Power Plants in China William Poirier and Vice President for Customer Relationships and Sales in China Gavin Liu met with the DCM to share concerns about visa processing delays that are threatening their USD 3 billion contract to deliver four Westinghouse AP1000 nuclear units in China.

¶3. (SBU) Westinghouse said the contract would result in 5000 direct jobs if properly implemented. These jobs are distributed throughout approximately 25 U.S. companies in 13 U.S. states, from Wrentham, Massachusetts, and Pittsburgh Pennsylvania, to Shenandoah, Texas, and Oshkosh, Wisconsin. According to a 2008 study, each of these skilled jobs results in more than one additional job in the region, meaning more than 10,000 U.S. jobs could easily be at stake. Furthermore, the successful completion of the first AP1000 project in China would translate into future business, multiplying the impact. (Comment: The 5,000 additional jobs only account for those at Westinghouse partners involved in the AP1000 project. This

calculation does not include jobs that would be generated in the general economy through a multiplier effect.)

More than Just Jobs: Industrial Security, Exports

¶4. (SBU) Beyond job maintenance and creation of employment opportunities, the AP1000 represents a massive export potential from the United States to China. In addition, Westinghouse executives noted that if the United States hopes to engage in a "nuclear renaissance" as recently suggested by Energy Secretary Chu, the United States will need the many suppliers and engineers that the AP1000 China project is sustaining.

And Even More on the Table: 4 to 8 New Sales Coming Up

¶5. (SBU) According to Embassy contacts, over the next 10 years, China is expected to spend about USD 12 billion on nuclear power plants each year. China's National Energy Administration should approve the next wave of nuclear power plants -- possibly between 4 and 8 units -- later this year. In order for Westinghouse to secure these contracts for the AP1000, however, Central Government authorities will need to be convinced that the first wave of AP1000 construction has proceeded smoothly and that the first loop test for the AP1000 canned motor pump, scheduled to be held in the United States in August this year, has been completed successfully.

Visa Processing Delays Hurt Business and Safety

¶6. (SBU) In Westinghouse's view, travel to the United States by

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Chinese citizens involved in the AP1000 project will be critical to successfully completing this project and securing future contracts.

¶7. (SBU) Unfortunately, SAO processing for Chinese applicants traveling to the United States to support the project currently takes Washington clearing partners approximately 9 weeks to complete. Not only does this decrease Chinese executives' likelihood of awarding future contracts to U.S. suppliers, but visa-related delays have affected contract-specified quality assurance and quality inspection activities in the United States crucial to the safe installation of AP1000 equipment in China. In Poirier's view, visa delays are having a significant impact on Westinghouse's contractual performance. Visa delays have soured relations between key Chinese decision makers and Westinghouse, not only weakening Westinghouse's ability to secure future contracts in China, but also reducing China's willingness to provide positive feedback about the AP1000 project to potential buyers in the United States and third countries, Poirier explained.

Where is the Problem? Security Advisory Opinions

¶8. (SBU) Because China's nuclear industry officials and technicians are involved in a high-tech field, they are subject to special visa processing requirements under the Visas Mantis program. Washington-based clearing agencies must actively sign off on the visa issuance, and the SAO review procedures as currently constructed do not contain established time lines for completing processing. In addition, cleared applicants are only eligible for single-entry visas, so they must submit a new visa application every time they travel.

¶9. (SBU) Westinghouse executives emphasized repeatedly that as a high-tech company with significant intellectual property to protect, they recognize the need for special procedures to prevent unauthorized tech transfer. They are frustrated, however, by the length of time and the unpredictability of the response wait times.

¶10. (SBU) The USG has worked closely with Westinghouse to assist Chinese officials and engineers that need to travel regularly to the United States. Westinghouse affiliated applicants only have to go

through the SAO process once a year and are cleared for multiple destinations. However, the amended process has proven unsatisfactory, according to Westinghouse: new travelers continue to face delays; regular travelers still have to go through the full process once a year; and all travelers are only issued three-month single entry visas forcing them to reinitiate burdensome Chinese Government foreign-visa-application procedures every time they travel.

A Concrete Example: Wang Binghua

¶11. (SBU) Poirier cited a recent case involving State Nuclear Power Technology Corporation (SNPTC) Chairman Wang Binghua, who threatened to cancel an upcoming trip to the United States after being informed during his late December 2008 visa interview in Beijing that Administrative Processing could take up to 9 weeks. Wang had been scheduled to deliver a speech in mid-February to tout the successes of the AP1000 project in China.

¶12. (SBU) Poirier reported that after hearing about this situation, Westinghouse's CEO issued a formal apology to Wang, and the Westinghouse China office is now working to repair its relationship with SNPTC. Embassy Beijing requested expedited SAO processing for Chairman Wang, and his visa was issued on January 12. Westinghouse informed emboffs on January 14 that Chairman Wang had reluctantly agreed to travel to the United States in February only after a long discussion with executives visiting China from Westinghouse headquarters.

Delays the Norm and Rising: 85 Percent Miss or Delay Travel

¶13. (SBU) SNPTC's vice president was also forced to postpone travel

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to the United States due to SAO processing delays in October last year, making Wang's case the second time that high-level SNPTC visitors were held up by SAO bottlenecks in the last six months. Westinghouse reports that between August 2007 and January 2009, of the 400 applicants who interviewed for visas at least four weeks ahead of their scheduled departure dates, only 60 were able to depart for the United States on time. The remaining 340 (85 percent) did not receive their visas in time to travel to the United States and were forced to either cancel or delay their scheduled meetings.

Short-term Solution: One-year Multiple Entry Visas

¶14. (SBU) Poirier asked that, for the roughly 100 Chinese officials and engineers that need to travel very regularly to the United States, the United States might consider issuing one-year multiple entry visas for these individuals once they have received an SAO clearance.

Comment: Time for a Permanent Solution to an Old Problem

¶15. (SBU) The U.S. Mission in China processed 29,341 cases involving SAOs last fiscal year. Embassy Beijing shares Westinghouse's appreciation for the need for security advisory opinions. We also share their concerns that travel delays have a negative impact on U.S. prosperity and national interests. Visa processing that takes 9 weeks (on top of the several-week-long wait for an interview appointment) presents a major impediment to U.S. businesses, universities, and research institutions competing in the global marketplace for clients and talent. All U.S. agencies at post can cite experiences in which valued Chinese contacts planning to travel to meetings in the United States -- often at the invitation of the United States Government -- have been held up by these delays. We understand the Bureaus of International Security and Nonproliferation (ISN) and Consular Affairs (CA) have been urging interagency clearing partners to resolve SAO backlogs and maintain permanent target processing times, and that both bureaus also support the issuance of one-year multiple entry visas to

Mantis-cleared applicants. We support these efforts and encourage the incoming Secretary to advocate strongly for further actions to develop a more efficient and appropriately staffed SAO clearing process.

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